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12 October 1960

ORR CONTRIBUTION TO THE BIENNIUM REPORT
TO THE PRESIDENT'S BOARD OF CONSULTANTS
ON FOREIGN INTELLIGENCE ACTIVITIES

I. Economic and Geographic Intelligence Production

- A. Economic. ORR's economic intelligence research on the Sino-Soviet bloc continues to reflect the high priority being devoted by the intelligence community to the Soviet guided missile threat. The growth of the Soviet economy during the Seven Year Plan and the rapid growth of the economy of Communist China are also under close scrutiny, while economic aspects of the Sino-Soviet relationship, in light of mounting disagreement between these powers, have received increasing attention.

An ad hoc inter-Office ID/I Task Force was formed in April to intensify the research effort on the production and deployment aspects of Soviet Ballistic missile systems from medium to inter-continental ranges. About two-thirds of the Task Force personnel are from the Guided Missiles Branch of ORR with the other third from the Guided Missiles Division of OSI and from OSI. It is hoped that the allocation of these additional resources to research in depth on the production and deployment aspects of the Soviet long-range ballistic missile systems will narrow the range of uncertainty concerning the nature and the magnitude of the threat from such weapons systems. Research personnel remaining in the Guided Missiles Branch of ORR are continuing to assess Soviet production and deployment activities for all other missile systems, including anti-ballistic and submarine launched weapons. As in the past, these various direct efforts are augmented by the research of specialists in other ORR branches concerned with missile-associated activities in transportation, construction, communications, propellants, electronics and special metals.

ORR's over-all estimates of Soviet economic growth during the period ending in 1965 have not changed significantly since our last report. The events of 1959 and early 1960 have led us to be more certain in estimating fulfillment and a probable modest overfulfillment of the industrial production goals. The massive

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investment program, a key to continued rapid industrial expansion, has been increased in the last year and a half significantly above the already ambitious Seven Year Plan (1958-63) targets to an annual level about equal to that of the US. The manpower problem, which last year appeared likely to impose a restraint on future Soviet growth, promises to be alleviated by the recently announced armed forces reduction. In addition, Soviet planners have actively begun to seek efficiency through such measures as linking managerial bonus payments to the achievement of planned cost reductions and incentives for technological innovation and adaptation. Given predicted Soviet growth rates and available estimates of future US growth, both Soviet GNP and industrial production will be about half the US level by 1965.

OSR's past interest in the application of automation in the Soviet Union, is being intensified by a detailed survey of the status of automation in major Soviet industries. Despite Soviet publicity on their accomplishments in this field, we believe that, except for strategic military purposes, the application of automation in the USSR during the Seven Year Plan will be small compared to its application in the US.

In the field of Soviet military economics, the mission oriented basis for estimating and presenting Soviet military expenditures adopted by OSR has now become established as a regular complement to the preparation of such estimates by object classification. It is hoped that this technique will be a first step towards the development of additional techniques of analysis and presentation.

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Studies were published which established that [redacted] OSR, continued to produce the TU-104A (CAMEL-A) through 1959 and which extended previous estimates of production of IL-18 (COOT) and TU-104B (CAMEL-B) transport aircraft through mid-1960.

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Chinese Communist claims for industrial production continue to impress. OSR estimates the increase to have been as much as 13 percent in 1959, compared to a claimed increase of 9.3 percent. On the other hand, OSR continues to regard Chinese Communist

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production claims in agriculture as highly exaggerated. Production of grain in 1959 is estimated at 190 million tons in contrast to the official claim of 270 million tons. In 1960, serious drought has again affected crop production; the grain harvest is unlikely to be much above last year's and, depending on the weather during the fall, may be even less. For the future a new task in stimulating agricultural production has been noted, involving a shift away from the harsher aspects of the "Leap Forward" movement towards more rational means, such as the increasing use of chemical fertilizers and insecticides and the expansion of mechanization and food processing facilities.

Other aspects of Communist China's economy which OPR has continued to follow closely include: the degree to which each branch of China's industry depends on Bloc material and technical assistance, the revival of the commune program in the cities, and the rapid (2½ percent per year) growth in China's population. The widening breach between the USSR and Communist China has focused increasing attention on Sino-Soviet relationships and China's dependence on the Bloc for the material and technical resources to sustain its planned industrial growth.

- B. Geographic. Geographic intelligence production during the period has emphasized the production of special studies in response to developments in critical foreign areas. The viability of the mineral-producing provinces of the Republic of the Congo was assessed in a report for use in briefings of the Democratic Presidential nominee and the National Security Council. A more comprehensive analysis of the Congo for general reference use is now in reproduction. The geographic elements of growing security problems in South Vietnam were also dealt with in a study carried out during the period. Continued attention was given to the needs of the clandestine services and the Department of State for information on unstable political boundaries and conflicting territorial claims in key regions of the world.

Basic geographic analyses in support of clandestine operational planning were completed in Cuba, Paraguay, Tibet, and West China. These studies represent a continuation of OPR's intensive research directed at correcting critical deficiencies in the intelligence required on those key areas. Comprehensive research on the Kurdish peoples of the Near East, noted in the previous report, is now about three-quarters completed.

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Priority effort, in coordination with Army and Air Force, continued to be applied to the verification of suspected missile sites in the Sino-Soviet Bloc. Detailed analysis of the terrain, drainage, population, and other geographic characteristics has proved to be very helpful in this task. We are also continuing attempts to

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Plans of 20 cities have been produced, and a new priority list of 12 additional cities is now in work.

Cartographic support of clandestine training activities of DE/P continued to increase over previous reporting periods. Special techniques for the collection of intelligence information have been successfully developed in cooperation with DE/P, resulting in a marked contribution to the success of certain operational projects.

II. Major Intelligence Gaps

- A. Economic Intelligence. The major gaps in economic intelligence have not changed during the reporting period. Of principal concern are those relating to Soviet guided missile programs, particularly the location of operational sites and production and storage facilities; related activities in construction, transportation and telecommunications; the application of alloying and refractory metals; and the development of rocket propellants. Security restrictions have been effectively maintained to limit our access to needed information on much of the Soviet nuclear energy program, Bloc military expenditures and programs, and Soviet machinery and military end item production. Financial data -- i.e. prices, costs, revenues and profits -- and secondary statistics in support of published operating data for most industrial and economic service activities are still needed to improve the accuracy and reliability of our research on Bloc economic growth.
- B. Geographic. The acquisition of large-scale post-war topographic map coverage of the Sino-Soviet Bloc continues to be of the high priority. During the past few months a few photo-copies of topographic sheets of the East German Republic have been acquired, but the quality of photography was low. The post-war sheets are of great significance to the accurate positioning of targets, the missile program, and related photographic programs.

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Priority research on Latin America and areas of interior Asia continues to be inhibited by the absence of sources of basic geographic data. Reliable large-scale maps, photography, and field studies are lacking over most of the two regions and have seriously handicapped the preparation of essential studies for operational and planning use.

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Lack of information on developing social organizations and human relationships in Africa continues to be of concern. Consideration is being given to the development of an external research contract as a partial solution.

III. Dissemination and Utilization of OPR Products

- A. Economic Intelligence. OPR's principal contributions to national intelligence estimates during the period were studies dealing with the economic prospects of the Soviet Union and Communist China and the economic aspects of the Soviet missile threat and of other phases of Soviet military capabilities. The Guided Missile and Astronautics Intelligence Committee (GMAIC) of USIB has been the principal consumer and disseminator of OPR's research on production and deployment of long-range ballistic missiles. OPR provides the chairman and Agency member respectively on GMAIC's Working Groups on production and deployment.

The Office has continued its support role to the Office of Current Intelligence and the Office of Basic Intelligence. Support to the US-USSR exchange program in the form of briefings, itineraries, interpreter services, and evaluations has been particularly heavy during the period, while the usual support for the development, application, and enforcement of US unilateral and COCOMA multilateral trade controls programs was provided to the Economic Defense community.

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The analysis of Sino-Soviet Bloc economic activities in the underdeveloped countries of the Free World continues to form a significant portion of OMB's mission. In addition to the periodic reports published and distributed under EIC aegis, special projects on this subject were undertaken for the Department of State, the Department of Commerce, the Operations Coordinating Board, and a number of other government departments.

- B. Geographic Intelligence. An unclassified atlas of Soviet administrative maps was disseminated to the major private centers engaged in research on the USSR with the objective of aiding and stimulating such research to the net benefit of the US intelligence effort. The volume also makes available to scholars map coverage of the USSR at a scale considerably larger than was previously available in atlas form.

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Special briefings were provided to the Commander, North American Defense Command, and his senior staff concerning Soviet activities in Antarctica, particularly in geodetic surveying which would make feasible the use of Antarctica as a mid-course guidance point in circumventing the North American early warning defense system. Special Antarctic maps were supplied to the US Navy in connection with the ratification of the Antarctic Treaty.

Analysis of Soviet strategic interest in gravity data were incorporated in Department of Commerce studies to deny sales of superior Free World gravity meters to the Sino-Soviet Bloc.

During the period of this report, 89 maps and charts were completed and published in intelligence publications. The BIS program, NIE's, [REDACTED] and various economic and geographic reports absorbed 89 percent of the production of maps and charts. Maps to accompany various urban and geographic studies for the DC/P accounted for 7 percent of the total. The Department of State, which relies on the Geographic Research Area for its map needs, and the DC/S absorbed the remainder of the maps and charts produced and disseminated.

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IV. Guidance to Collectors and Intelligence Collection Activities

During the period under review, significant achievement was realized in the publication of guidance for collectors. The content and format of Office requirements continued to be modified drastically in line with efforts to give collectors better perspective and to assist them in making better use of their resources.

In spite of several incidents during the reporting period which have seriously affected general economic and geographic intelligence collection against the USSR, strong collection efforts against guided missile targets are continuing. This Office assisted in the preparation and dissemination to all collectors of a Guided Missile Collection Handbook, designed to provide basic guidance on missiles and the missile problem. It will be supplemented with specific requirements and guidance, as necessary, and will be revised and updated as the receipt of new information dictates. Qualified missile specialists continue to be assigned by OPI to work directly with Agency collection components in planning, guiding, and evaluating their efforts. The Office also completed a series of reports on places of

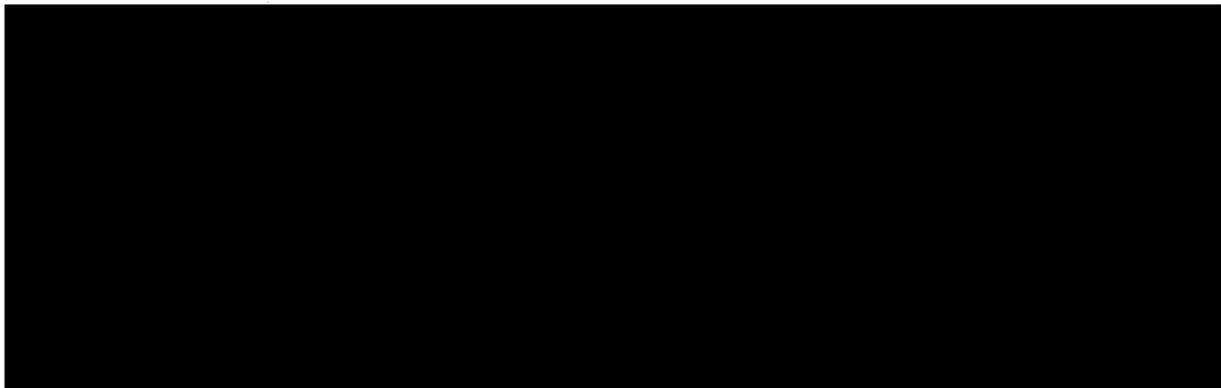


In connection with the [redacted] over one-half of the existing [redacted] have been converted to a new format, featuring improved graphics and reduction in number of targets. Official travelers returning from US posts in the Soviet Bloc have been unanimous in describing the new format as a substantial improvement which will aid significantly the collection of intelligence information through

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collectors toward priority targets. Guides were published

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V. Coordination of Intelligence

A. Economic Intelligence. Coordination of economic intelligence with other components of the community has been strengthened during the period through more effective use of the USIB Committee structure. USIB representation on the SEAC Working Groups on missile production and deployment has been mentioned. The Economic Intelligence Committee (EIC) has continued its series of biweekly and semiannual publications on Sino-Soviet Sino economic activities in underdeveloped areas. A brief quarterly report on this subject is also prepared for the President's Council on Foreign Economic Policy. In addition to the wide distribution of the biweekly and semiannual reports within the US Government, sanitized copies are distributed to

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The annual EIC summary report on Communist China's Trade and Transport was published in July. It included the major developments during 1959 and predictions and prospects for 1960.

The Subcommittee on Electronics and Telecommunications issued in June a report on communications vulnerabilities and participated the same month in the [REDACTED] Conference. The Subcommittee on Shipbuilding is preparing for participation in [REDACTED] to be held in Washington from October 31 through November 2. The Subcommittees on Chemicals and Population and Manpower have issued EIC-approved statements on Priority Collection deficiencies. In July the Subcommittee on Population and Manpower issued an EIC report on Population of the Countries of the Sino-Soviet Bloc, Selected Years, 1928-75. Nearly all the EIC Subcommittees have provided support to the USIB Committee on Exchanges.

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A joint collection operation with Air Force yielded a considerable

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quantity of [REDACTED]

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[REDACTED] Coordination of collection information and intelligence production remained relatively stable as the result of programs initiated during the previous two reporting periods.

3. Geographic Intelligence. A gratifying increase in inter-agency cooperation on Africa has developed as pressures in that area increasingly involve the United States. OGI's informal Africa Roundtable which provides opportunity for interested specialists to exchange ideas and information has now been broadened to include representatives of other intelligence agencies. Coincident with this, a series of inter-agency meetings, chaired by the Department of State, have probed the problem of covert collection in Africa. Informal CIA groups concerned with Southeast Asia and the Arctic will be placed on a similar inter-agency basis when desirable and feasible.

Increased coordination has been noted in intelligence Community surveillance of Soviet geodetic activities, agreement on US information gaps, and search for geodetic data on Soviet areas. The closest coordination continues with the Department of State and the National Science Foundation for the development of intelligence collection potential through provisions of the Antarctic Treaty.